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April 9, 2002

BY COURIER

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> floor  
Boston, MA 02110

Re: D.T.E. 99-60 - Fitchburg Gas and Electric Light Company, Default  
Service Competitive Solicitation Results for June 2002 - November 2002

Dear Ms. Cottrell:

Fitchburg Gas and Electric Light Company ("FG&E") hereby submits for the approval of the Department of Telecommunications and Energy ("Department") the results of its competitive solicitation for Default Service supply for the period June 1, 2002 through November 30, 2002. Under separate cover, FG&E is also submitting today new tariffs reflecting retail rate changes resulting from this new Default Service supply.

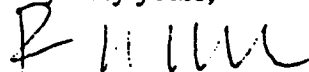
As discussed in more detail in the 2002 Contract Award and Bid Evaluation Report, contained at Tab A in this filing, FG&E complied with the Department's competitive bidding requirements by posting its Default Service RFP on the web-based Enermetrix Energy Exchange. From this bidding platform, FG&E received class-differentiated bids in its current RFP: one bid for the residential and small general service, another bid for regular and large general service and outdoor lighting. FG&E then evaluated and ranked the bids, and named the winning bidder(s).

This filing has been made as part of D.T.E. 99-60, based on the Department's past practice. Pursuant to the Motion for Protective Treatment filed in D.T.E. 99-60 on November 1, 2000, which FG&E deems to be continuing, FG&E has filed evaluative information relative to

its solicitation in single copy (in particular Tabs B and C of the filing) with Mr. Kevin Brannelly, Director of the Department's Division of Rates and Revenue Requirement.<sup>1</sup>

Please do not hesitate to contact me should you have any questions about this filing.

Very truly yours,



Patricia M. French  
Counsel for Fitchburg Gas  
and Electric Light Company

PMF/

cc: Kevin Brannelly, Director, Rates and Revenue Requirements  
Alexander Cochis, Asst. Attorney General  
Robert Sydney, General Counsel, Division of Energy Resources

Hon. David O'Connor, Commissioner, Division of Energy Resources (non-proprietary materials)

Paul Afonso, General Counsel, Department (non-proprietary materials)

Ronald LeComte, Director, Electric Power Division (non-proprietary materials)

Jeanne Voveris, Esq., Hearing Officer (non-proprietary materials)

Barry Perlmutter, Electric Power Division (non-proprietary materials)

Todd Shimkus, Vice President,

No. Central Mass. Chamber of Commerce (non-proprietary materials)

D.T.E. 99-60 Service List (non-proprietary materials)

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<sup>1</sup> FG&E is also providing a complete copy of the filing, with a single copy of the confidential materials, to Alexander Cochis, Assistant Attorney General, of the Office of Attorney General, and to Robert Sydney, General Counsel, of the Division of Energy Resources, as these entities have entered into a pre-existing Nondisclosure Agreement with FG&E for D.T.E. 99-60.

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Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> floor  
Boston, MA 02110

Re: D.T.E. 99-60 - Fitchburg Gas and Electric Light Company, Default  
Service Tariff Filing M.D.T.E. No. 84 for June 2002 - November 2002

Dear Ms. Cottrell:

Fitchburg Gas and Electric Light Company ("FG&E") hereby submits an original and 9 copies of Revised Tariff Sheet No. 84 to implement FG&E's Default Service, effective June 1, 2002. The revised tariff sheet incorporates the new prices in both redlined and final version. Also enclosed is check in the amount of \$15.00 for the required filing fee. The results of FG&E's Request for Proposals ("RFP") are being filed with the Department today under separate cover.

As discussed in more detail in the RFP filing, FG&E complied with the Department's competitive bidding requirements by posting its Default Service RFP on the web-based Enermetrix Energy Exchange. From this bidding platform, as it did in its prior Default Service solicitation, FG&E received class-differentiated bids in its current RFP. Thus, Default Service for the residential and small general service customers will be priced differently at wholesale than the Default Service for regular and large general service and outdoor lighting. FG&E used the same methodology in calculating the 2002 Default Service retail rates as approved by the Department for FG&E's Default Service rate filing of October 3, 2001 (D.T.E. 99-60 (October 11, 2001)). The proposed rates are summarized in Attachment 1, Page 1.

As shown on Attachment 1, page 1, the Variable Monthly Pricing Option charges differ by class and by month (for residential and small general). The Six-Month Fixed Pricing Option charges vary by class. Attachment 1, page 2 demonstrates the calculation of both the variable and fixed charges. The fixed charges are equal to the retail variable charges weighted by monthly kWh sales percentages based on a forecast of monthly kWh sales. FG&E has requested that the Department grant protective treatment over the confidential numbers contained on Attachment 1, page 2; however, a single, confidential version is provided to you as part of your review.

Attachment 1, page 2 shows the kWh sales forecast. The percentages shown on Attachment 1, page 2, lines 7-10, are the ratios of the monthly amounts to the totals for the period June to November. Consistent with prior filings, FG&E continues to assume equal monthly usage as representative of expected usage patterns for the large general service class due to limited participation in Default Service by that class.

The proposed rates represent a bill increase to a 500 kWh typical residential customer on the Fixed Monthly Pricing Option of \$1.72 per month, or a 2.8 percent increase versus rates currently in effect (see Attachment 2, page 1). The current rate under the Fixed Monthly Pricing Option is \$0.04996 per kWh for residential customers. The proposed rate, based on the RFP for the period June 2002 through November 2002, is \$0.05341 per kWh (a 6.9% increase in the default service rate). Bills to regular and large general service customers will increase from 2% to 10% depending on usage and rate class. A complete set of bill impacts is included as Attachment 2.

The proposed Default Service rates remain lower than the FG&E's current Standard Offer Service rates (including the Department-approved Fuel Adjustment) for all customers except regular general service and outdoor lighting customers. Low-income customers will remain on Default Service until such time as the Standard Offer Service rate drops below the Default Service rate.<sup>1</sup>

FG&E will continue to notify customers of the changes in the Default Service rates in compliance with the Order in DTE 99-60-C, using notices developed in conjunction with the Default Service education working group and the Department's Consumer Division. FG&E will also post its approved rates on its website and make them available via a toll-free number at least 45 days in advance of June 1, 2002. In addition, FG&E will educate customers of the ramifications of switching from Standard Offer Service to Default Service.<sup>2</sup>

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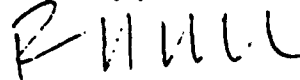
<sup>1</sup> The current Standard Offer Service rate is \$0.05626 per kWh while the proposed fixed Default Service rate for residential customers is \$0.05341 per kWh. Low-income customers will save \$0.00285 per kWh on Default Service versus Standard Offer Service, or \$1.43 for a customer using 500 kWh. A 500 kWh low income bill will increase about \$1.73 or 3.5 percent from current default service rates (see Attachment 2, page 2).

<sup>2</sup> As provided for by FG&E's Standard Offer Service tariff and its Restructuring Plan (D.T.E. 97-115/98-120 (1999), customers (other than low-income) who move to Default Service are unable to return to Standard Offer Service.

This filing has been made as part of D.T.E. 99-60, based on the Department's past practice. Pursuant to the Motion for Protective Treatment filed in DTE 99-60 on November 1, 2000, FG&E has filed the wholesale prices bid in response to its RFP under its continuing request for protective treatment.<sup>3</sup>

Please contact me should you have any additional question on this matter.

Very truly yours,



Patricia M. French  
Counsel for Fitchburg Gas  
and Electric Light Company

PMF/

cc: Kevin Brannelly, Director, Rates and Revenue Requirements  
Alexander Cochis, Asst. Attorney General  
Robert Sydney, General Counsel, Division of Energy Resources

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D.T.E. 99-60 Service List (non-proprietary materials)

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<sup>3</sup> FG&E is also providing a complete copy of the filing, with a single copy of the confidential materials, to Alexander Cochis, Assistant Attorney General, of the Office of Attorney General, and to Robert Sydney, General Counsel, of the Division of Energy Resources, as these entities have entered into a pre-existing Nondisclosure Agreement for D.T.E. 99-60.

**Fitchburg Gas and Electric Light Company ("FG&E")  
Electric Default Service  
Contract Award and Bid Evaluation**

***Introduction***

FG&E issued its Request for Proposals ("RFP") for Default Service through the Enermetrix Network. Enermetrix, headquartered in Maynard, Massachusetts, operates an active electronic network for retail natural gas and electricity contracting, which provides sellers and buyers of energy with an efficient marketplace to sell and buy natural gas and electricity. Enermetrix has significant relationships with approximately 50 active suppliers who are now serving or looking to serve retail electric loads in the New England, New York and PJM areas. Because of its ability to solicit from the broadest group of interested suppliers, FG&E chose to have Enermetrix issue the RFP and manage the solicitation of bids from potential suppliers. FG&E believes this process provided the best possible competitive results for its retail default service customers.

On Monday, March 4, 2002, Enermetrix announced that FG&E's RFP for Default Service for the period of June 1, 2002 through November 30, 2002 was available. The RFP sought fixed monthly pricing for two groups of customers: Residential and Small C&I customers ("Small Customer Group") and Medium and Large C&I customers ("Large Customer Group"). Enermetrix posted FG&E's RFP on their Energy Exchange. In addition, notice of the RFP was issued via electronic mail to the NEPOOL Markets Committee. A copy of the RFP was sent to all suppliers who had requested a copy during FG&E's previous default service RFPs. Enermetrix also issued a press release announcing the issuance of the RFP.

Enermetrix ultimately delivered the RFP package to 63 individuals representing 37 separate energy companies. A copy of the RFP is attached as Tab A.

On Monday, March 25, 2002, Enermetrix received and delivered to FG&E proposals that included required company background information and initial pricing from several suppliers. Some of the bids were contingent upon winning both customer groups. During the balance of the week, FG&E reviewed the proposals and worked directly with the bidders to establish their creditworthiness, capability of performing acceptably in FG&E's estimation, and willingness to enter into contract terms acceptable to FG&E. Under the schedule provided in the RFP, final bids were to be due on Friday, March 29, 2002.<sup>1</sup>

Enermetrix received final pricing from all bidders in the initial round and delivered these updated bids to FG&E. FG&E conducted its own evaluation. FG&E evaluated the bids, as described below, and awarded the winning bidders with the Large Customer Group and Small Customer Group Default Service products. FG&E then timely notified the other bidders that their bids had not been selected.

### ***Selection of Winning Bidder(s)***

FG&E based its selection of winning bidders on several quantitative and qualitative criteria. The RFP requested fixed prices by month for two groups of customers: a Small Customer Group, comprised of residential and small C&I customers, and a Large Customer Group, comprised of medium and large C&I customers. The bidders had the option of bidding differentiated pricing for each customer group for each month of the six-month supply period. FG&E compared the proposed pricing strips over the six-month period by calculating weighted average prices for the term, using a forecast of default service loads for each customer group FG&E had prepared prior to issuing the RFP. The forecast was included in the RFP package and is embedded in the Pricing Evaluation Worksheets used by FG&E to compare bid prices. FG&E's Pricing Comparison is attached as Tab B1 (Confidential).

FG&E also reviewed non-price characteristics of each proposal. Non-price issues included consideration of whether bidders were creditworthy, could demonstrate ability to perform and were agreeable to the contract terms sought by FG&E. FG&E broadly determined its non-price preferences with regard to each bidder in advance of receiving final bids. FG&E's Comparison of Non-Price Issues is attached as Tab B2 (Confidential).

When final bids were received, the leading bidders in terms of price were also the most preferential bidders in terms of non-price considerations. Neither of these bidders made their pricing contingent upon winning both customer groups. FG&E awarded the Small Customer Group Default Service load to the bidder winning the evaluation for that product, and awarded the Large Customer Group Default Service load to the winning bidder for that product. Default Service for both products was awarded for the period of June 2002 through November 2002.

### ***Contracts for Approval***

FG&E hereby files for Department approval the contracts under which it has procured service for its Default Service customers for the coming six-month period of June 2002 through November 2002. These contracts are being filed in accordance with D.T.E. 99-60C for the Department's review and approval. The contracts are attached in Tab C (Confidential).

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<sup>1</sup> When FG&E realized that date was Good Friday, the submission of final bids was delayed until Tuesday, April 2, 2002.